

UNITED STATES DISTRICT COURT

## DISTRICT OF OREGON

## PORTLAND DIVISION

PENGUIN GROUP (USA) INC.,

Plaintiff,

No. 03:13-cv-00497-HU

VS.

AMERICAN BUDDHA,

Defendant.

## FINDINGS & RECOMMENDATION ON MOTION TO TRANSFER VENUE

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HUBEL, United States Magistrate Judge:

The plaintiff Penguin Group (USA) Inc. ("Penguin") brings this action for copyright infringement, alleging the defendant American Buddha has willfully violated Penguin's "exclusive rights in the novels *Oil!* by Upton Sinclair and *It Can't Happen Here* by Sinclair Lewis; and two new translations: E.J. Kenney's translation of *The Golden Ass* by Apuleius and R.E. Latham's translation of *On the*

1 *Nature of the Universe* by Lucretius" ("the Books"). Dkt. #73, ¶ 1.  
 2 The matter currently before the court is American Buddha's "Motion  
 3 to Transfer Action to District of Arizona [F.R.C.P. 12(b)(3)]." Dkt.  
 4 #25. American Buddha is an Oregon corporation, but argues that all  
 5 of its key witnesses are Arizona residents, and Arizona would not  
 6 impose any additional inconvenience on Penguin, which is a New York  
 7 resident. American Buddha argues the District of Arizona is a more  
 8 convenient, appropriate forum for this lawsuit. *Id.* Penguin argues  
 9 American Buddha has not met its burden to show venue should be  
 10 transferred. Dkt. #34. The motion is fully briefed, and the court  
 11 heard oral argument on the motion on September 12, 2013. The  
 12 undersigned submits the following findings and recommended disposi-  
 13 tion of the motion pursuant to 28 U.S.C. § 636(b)(1)(B).<sup>1</sup>

### 14 15 **STANDARDS**

16 In general, a civil action may be brought in one of three  
 17 venues: (1) if all defendants are residents of the same state, then  
 18 "a judicial district in which any defendant resides"; or (2) "a  
 19 judicial district in which a substantial part of the events or  
 20 omissions giving rise to the claim occurred, or a substantial part  
 21 of property that is the subject of the action is situated"; or (3)  
 22 if neither of the previous two provisions applies, then "any  
 23

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24  
 25 <sup>1</sup>A motion to transfer venue is a non-dispositive matter  
 26 falling within the province of a United States Magistrate Judge.  
 27 See *Paoa v. Marati*, 2007 WL 4563938, at \*2 (D. Haw. Dec. 28, 2007)  
 28 (same); *Corrinet v. Burke*, 2012 WL 1952658, at \*5 (D. Or. Apr. 30,  
 2012) (Coffin, MJ) (reaching the same conclusion). However, the  
 undersigned elects to submit findings and recommendation on the  
 current motion to allow the parties an opportunity to seek review  
 prior to transfer of the case.

judicial district in which any defendant is subject to the court's personal jurisdiction with respect to such action." 28 U.S.C. § 1391(b). However, in copyright infringement actions, "[p]roper venue is found 'in the district in which the defendant or his agent resides or may be found.'" *Herer v. Ah Ha Pub, LLC*, \_\_\_ F. Supp. 2d \_\_\_, 2013 WL 686943, at \*2 (D. Or. Feb. 25, 2013) (Simon, J.) (quoting 28 U.S.C. § 1400(a)). In the present case, it is undisputed that the defendant American Buddha is an Oregon corporation. Oregon is, therefore, the district in which American Buddha "resides." See 28 U.S.C. § 1391(c)(2) ("For all venue purposes . . . an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question. . . ."). Therefore, as a preliminary matter, the court finds venue is proper in this judicial district.

However, even when venue is proper in this court, the court has discretion to transfer a civil action "[f]or the convenience of parties and witnesses, in the interest of justice, . . . to any other district . . . where it might have been brought[.]" 28 U.S.C. § 1404(a). The United States Supreme Court has observed that "venue . . . is primarily a matter of choosing a convenient forum." *Leroy v. Great Western United Corp.*, 443 U.S. 173, 180, 99 S. Ct. 2710, 2715, 61 L. Ed. 2d 464 (1979) (citing C. Wright, A. Miller, & E. Cooper, *Federal Prac. & Proc.* § 3801, pp. 506 (1976)). "A defendant for whom venue is proper but inconvenient may move for a change of venue under 28 U.S.C. § 1404(a)." *Action Embroidery*

1 *Corp. v. Atlantic Embroidery, Inc.*, 368 F.3d 1174, 1181 (9th Cir.  
 2 2004). American Buddha makes such a motion here. Although 28  
 3 U.S.C. § 1404(a) somewhat "displaces the common law doctrine of  
 4 *forum non conveniens*," similar considerations are useful in  
 5 deciding a motion to transfer under that section. *Decker Coal Co.*  
 6 *v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986).  
 7 "Section 1404(a) is intended to place discretion in the district  
 8 court to adjudicate motions for transfer according to an 'individu-  
 9 alized, case-by-case consideration of convenience and fairness.'" *Stewart Organization, Inc. v. Ricoh Corp.*, 487 U.S. 22, 29, 108  
 10 S. Ct. 2239, 2244, 101 L. Ed. 2d 22 (1988) (quoting *Van Dusen v.*  
 11 *Barrack*, 376 U.S. 612, 622, 84 S. Ct. 805, 812, 11 L. Ed. 2d 945  
 12 (1964)). The court is charged with balancing "the preference  
 13 accorded plaintiff's choice of forum with the burden of litigating  
 14 in an inconvenient forum." *Decker Coal*, 805 F.2d at 843 (citations  
 15 omitted); accord *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498-  
 16 99 (9th Cir. 2000). Notably, "[t]he defendant must make a strong  
 17 showing of inconvenience to warrant upsetting the plaintiff's  
 18 choice of forum." *Decker*, 805 F.2d at 843.

20 In conducting this balancing of interests, the courts have  
 21 found a number of factors to be relevant. These factors are simi-  
 22 lar to those the court weighs to determine jurisdictional issues.  
 23 Eight factors that have been identified by the Ninth Circuit  
 24 include: "(1) plaintiff's choice of forum, (2) convenience to the  
 25 parties, (3) convenience to the witnesses, (4) ease of access to  
 26 evidence, (5) familiarity of each forum with the applicable law,  
 27 (6) feasibility of consolidation of other claims, (7) local  
 28 interest in the controversy, and (8) the relative court congestion

1 and time of trial in each forum." *Benchmade Knife Co. v. Benson*,  
 2 2010 WL 988465, at \*6 (D. Or. Mar. 15, 2010) (Haggerty, J.) (citing  
 3 *Decker, supra*). In addition, the court considers "the availability  
 4 of compulsory process for unwilling witnesses, . . . and judicial  
 5 economy." *Indoor Billboard Northwest, Inc. v. M2 Systems Corp.*,  
 6 922 F. Supp. 2d 1154, 1159 (D. Or. 2013) (Brown, J.). These  
 7 factors sometimes are categorized as involving "public" and  
 8 "private" interests. In *Gemini Capital Group, Inc. v. Yap Fishing*  
 9 *Corp.*, 150 F.3d 1088 (9th Cir. 1998), the Ninth Circuit listed  
 10 these factors as follows:

11 [P]rivate interest factors . . . include ease  
 12 of access to sources of proof; compulsory pro-  
 13 cess to obtain the attendance of hostile wit-  
 14 nesses; and the cost of transporting friendly  
 15 witnesses; the possibility of viewing subject  
 16 premises; and other factors contributing to an  
 17 expeditious and inexpensive trial. *Creative*  
 18 *Technology, Ltd. v. Aztec System Pte. Ltd.*, 61  
 19 F.3d 696, 703 (9th Cir. 1995)

20 \* \* \*

21 [P]ublic interest factors . . . include  
 22 administrative difficulties flowing from court  
 23 congestion; imposition of jury duty on the  
 24 people of a community unrelated to the litiga-  
 25 tion; the local interest in resolving the con-  
 26 troversy at home; the interest in having a  
 27 diversity case tried in a forum familiar with  
 28 the law that governs the action; and the  
 avoidance of unnecessary conflicts of law  
 problems. See *Creative Technology*, 61 F.3d at  
 703-704.

23 *Gemini Capital*, 150 F.3d at 1093, 1094. If the balance of factors  
 24 is relatively even, "the law favors deference toward the plain-  
 25 tiff's choice of forum." *Adidas America, Inc. v. Herbalife Inter-*  
 26 *national, Inc.*, 2010 WL 596584, at \*7 (D. Or. Feb. 12, 2010)  
 27 (Mosman, J.) (citing *Dole Food Co. v. Watts*, 303 F.3d 1104, 1117  
 28 (9th Cir. 2002)).

1 The standard to defeat a plaintiff's chosen forum is high: a  
 2 defendant must make "a clear showing of facts which . . . establish  
 3 such oppression and vexation of a defendant as to be out of  
 4 proportion to plaintiff's convenience, which may be shown to be  
 5 slight or nonexistent." *Dole Food Co. v. Watts*, 303 F.3d 1104,  
 6 1118 (9th Cir. 2002) (internal quotation marks, brackets, and  
 7 citations omitted). Indeed, the *Dole Food* court observed that the  
 8 doctrine of inconvenient forum "is 'an exceptional tool to be  
 9 employed sparingly, [not a] . . . doctrine that compels plaintiffs  
 10 to choose the optimal forum for their claim.'" *Id.* (quoting *Ravelo*  
 11 *Monegro v. Rosa*, 211 F.3d 509, 514 (9th Cir. 2000)).

### 12 13 **DISCUSSION**

14 American Buddha argues Penguin's selection of this judicial  
 15 district constitutes forum shopping, claiming Oregon is a "foreign  
 16 venue" that will handicap the odds in Penguin's favor. See Dkt.  
 17 #25, pp. 3-4. American Buddha further argues the "convenience of  
 18 the parties[] overwhelmingly favors transfer of venue." Dkt. #25,  
 19 p. 5. In order to conduct the "individualized, case-by-case con-  
 20 sideration of convenience and fairness" required in adjudicating a  
 21 motion to transfer venue, the court must "weigh in the balance a  
 22 number of case-specific factors." *Stewart Org.*, 487 U.S. at 29,  
 23 108 S. Ct. at 2244 (internal quotation marks, citations omitted).  
 24 This particularized inquiry necessarily includes an examination of  
 25 the facts underlying the suit. In previous litigation involving  
 26 the same parties and claims as the instant case, the Southern  
 27 District of New York found the following facts, among others:

1 Plaintiff Penguin Group (USA), Inc. . . . is a  
 2 United States trade book publisher that is  
 3 incorporated in Delaware and maintains its  
 4 principal place of business in New York City.  
 5 American Buddha is an Oregon nonprofit cor-  
 6 poration with its principal place of business  
 7 in Arizona. American Buddha seeks to "provide  
 a unique resource for scholars and students,  
 by providing access to a contained, searchable  
 database of written works spanning centuries."  
 Its database is available through two coordi-  
 nated websites, the American Buddha Online  
 Library and the Ralph Nader Library. . . .

8 Tara Carreon - the wife of American  
 9 Buddha's counsel, Charles Carreon - is the  
 founder, president, director and sole employee  
 of American Buddha. She serves as the libra-  
 10 rian for the American Buddha websites.

11 *Penguin Group (USA), Inc. v. American Buddha*, slip op., 2013 WL  
 12 865486, at \*1 (S.D.N.Y. Mar. 7, 2013) ("*Penguin I*") (citations to  
 13 pleadings and declarations in the New York case, and footnotes,  
 14 omitted).<sup>2</sup> Tara Carreon and her husband reside in Arizona, where  
 15 American Buddha maintains "all of the documents that would be  
 16 produced in defense of [this] action[.]" Dkt. #26, Decl. of Tara  
 17 Lyn Carreon, ¶ 3.

18 In Penguin's Amended Complaint in the present case, it alleges  
 19 American Buddha has made available on its websites complete copies  
 20 of the text of the Books. Penguin alleges it owns exclusive  
 21 publishing rights in all four of the Books, and claims American  
 22 Buddha's posting of the text of the Books on its websites violates  
 23 Penguin's copyright. Dkt. #73.

24 American Buddha claims its activities fall under a "library  
 25 exemption" found in Section 18 of the Copyright Act, 17 U.S.C.

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26  
 27 <sup>2</sup>The instant case is virtually identical to the action brought  
 28 in the Southern District of New York. That action was dismissed on  
 procedural grounds. See *Penguin I*.

1 § 108. American Buddha asserts the outcome of this action "would  
2 shape the law, as there is no law on this topic." Dkt. #25, p. 3.  
3 American Buddha argues it "derives no income from the activity that  
4 is the subject of [this] litigation," and defending the action in  
5 Oregon would cause it significant financial hardship, "detract[ing]  
6 from [American Buddha's] ability to present a meritorious defense  
7 to [Penguin's] claims on an issue that affects the public inter-  
8 est." *Id.*, p. 5. Among other things, American Buddha claims it  
9 has a "brick and mortar" location in Tucson, Arizona, that "pro-  
10 vides a community resource for literary, cultural, and artistic  
11 exchange." Dkt. #25, p. 5. It claims it has 52 "members," to whom  
12 it "issues library cards and lends books." *Id.* American Buddha  
13 has submitted declarations from four of its "members" who are  
14 willing to testify as witnesses for American Buddha, but American  
15 Buddha asserts it cannot afford to bring those witnesses to Oregon  
16 for trial. *Id.*; see Dkt. ##27-30. American Buddha further argues  
17 Penguin's claims in this action lack any significant connection to  
18 Oregon, and Arizona is "the real 'home' of this case." Dkt. #25,  
19 p. 6.

20       Regarding American Buddha's claim that Oregon lacks any sig-  
21 nificant connection to this case, Penguin argues evidence submitted  
22 in the New York action clearly rebuts such a claim. Penguin points  
23 to the declaration of Jacob Hammond - at the time, a resident of  
24 Troutdale, Oregon, and American Buddha's website administrator  
25 since 2002 - indicating the "media content on [American Buddha's]  
26 website is hosted on servers located in Tucson, Arizona and  
27 Portland, Oregon." Dkt. #35-1, ¶ 5. The court in the New York  
28 action relied on the Hammond declaration in finding American



1 Buddha's website "is hosted on servers in Arizona and Oregon."  
2 *Penguin Group (USA) Inc. v. American Buddha*, 2009 WL 1069158, at \*1  
3 (S.D.N.Y. Apr. 21, 2009). A different judge in the New York case  
4 found the location of the allegedly-infringing conduct was Arizona  
5 and Oregon. *Penguin I*, 2013 WL 865486, at \*2. Penguin argues  
6 American Buddha should be estopped from arguing, in the present  
7 case, that no activity in Oregon bears any relationship to this  
8 case. Dkt. #34, pp. 7-8.

9 Penguin further notes American Buddha's own user agreements  
10 for its websites "require users to consent to litigation *in the*  
11 *District of Oregon*." Dkt. #34, p. 8 (emphasis in original).  
12 Timothy M. Cunningham, one of Penguin's attorneys, has submitted a  
13 Declaration attaching printouts of information obtained from Ameri-  
14 can Buddha's websites in June 2013. Among other things, the  
15 websites' "Online Library User and Anti-Piracy Agreement" provides  
16 that users "consent to the jurisdiction of the U.S. District Court  
17 for the District of Oregon for the resolution of any disputes con-  
18 cerning [the user's] use of the creative work." Dkt. #35-2, p. 3;  
19 Dkt. #35-3, p. 3; Dkt. #35-4, p. 3. In reply, American Buddha  
20 submits a Supplemental Declaration of Tara Lyn Carreon, in which  
21 she claims the requirement for a user to agree to those "clickwrap"  
22 user agreements was removed from the American Buddha websites in  
23 2010, but because Ms. Carreon did not know how to remove the agree-  
24 ments "from the server entirely, or to put them in a 'Trash Folder'  
25 where they would not be seen by the public or indexed in the  
26 internal search engine, they remained where they could be found by  
27 [Penguin's counsel]." Dkt. #44, ¶ 10. Ms. Carreon claims users of  
28 the online libraries no longer have to sign any type of user

1 agreement in order to view the websites' content, which she asserts  
2 "entirely rebut[s]" Penguin's argument. *Id.*, ¶ 12.

3         Several of the factors considered by the courts in connection  
4 with motions to transfer either weigh equally for both parties in  
5 this case, or have little or no relevance to the present inquiry.  
6 This case involves interpretation and application of federal law  
7 with which all federal courts will have equal familiarity. Given  
8 that the case raises an issue of first impression, the citizens of  
9 both Arizona and Oregon have an equal interest in resolving the  
10 issue. Neither party has offered evidence to show that either  
11 judicial district (Arizona or Oregon) has a greater or lesser case  
12 load, or administering the case would be more or less difficult in  
13 either jurisdiction. However, the court would be remiss in failing  
14 to note the rapid rise in the criminal caseload in Arizona,  
15 resulting in the creation of new judgeships in that court in recent  
16 years, and the current recommendation for several more new judge-  
17 ships. Both Arizona and Oregon appear to have an interest in the  
18 litigation, with American Buddha's physical location in Arizona,  
19 and its legal "residence" and a virtual location in Oregon.

20         Even if American Buddha removed, in 2010, any requirement for  
21 users of its websites to consent to jurisdiction in this court,  
22 American Buddha clearly contemplated that it might sue, or be sued,  
23 in the District of Oregon. It is undisputed that American Buddha  
24 at one time required its online users to consent to the jurisdic-  
25 tion of this court, and that practice continued for several years  
26 after American Buddha's principal moved to Arizona. Nevertheless,  
27 the balance of factors tips in American Buddha's favor. American  
28 Buddha's physical library, the vast majority of its evidence, and

1 most (or all) of its witnesses are located in Tucson, Arizona.  
 2 Thus, three of the six factors identified by Judge Haggerty in  
 3 *Benchmade Knife* weigh in American Buddha's favor. The only one of  
 4 those eight factors weighing in Penguin's favor is its choice of  
 5 forum. Further, Penguin is a Delaware corporation with its princi-  
 6 pal place of business in New York. Penguin can hardly argue,  
 7 therefore, that Oregon is a more convenient forum than Arizona.  
 8 Indeed, at oral argument, Penguin's counsel conceded that Oregon  
 9 and Arizona essentially are equal in terms of convenience to  
 10 Penguin. At best, Penguin argues transfer of the case will result  
 11 in additional delay in addressing its claims. While Penguin's  
 12 expenses will be about the same in either forum, American Buddha's  
 13 expenses will be substantially higher if it is forced to defend the  
 14 case in Oregon. Deference toward the plaintiff's choice of forum  
 15 is overcome by the balance of factors tipping decidedly in American  
 16 Buddha's favor.

17 Accordingly, for the reasons discussed above, the undersigned  
 18 recommends that American Buddha's motion to transfer venue be  
 19 **granted.**

#### 21 **SCHEDULING ORDER**

22 These Findings and Recommendation will be referred to a  
 23 district judge. Objections, if any, are due by **October 4, 2013**. If  
 24 no objections are filed, then the Findings and Recommendations will  
 25 go under advisement on that date. If objections are filed, then  
 26 any response is due by **October 21, 2013**. By the earlier of the

1 response due date or the date a response is filed, the Findings and  
2 Recommendations will go under advisement.

3 IT IS SO ORDERED.

4 Dated this 16th day of September, 2013.

5  
6 /s/ Dennis J. Hubel

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Dennis James Hubel  
Unites States Magistrate Judge